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**Rules of  
Department of Economic  
Development  
Division 140—Division of Finance  
Chapter 21—Association’s Sources of Borrowed  
Money and  
Authorized Investments**

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## Title 4—DEPARTMENT OF ECONOMIC DEVELOPMENT

### Division 140—Division of Finance Chapter 21—Association's Sources of Borrowed Money and Authorized Investments

#### 4 CSR 140-21.011 Sources of Borrowed Money

**PURPOSE:** This rule authorizes sources of money from which an association may borrow and specifies the limitations, if any, and conditions on those sources and transactions.

*Editor's Note: Copies of all referenced federal regulations are available at a cost established by state law to any interested party at the Division of Finance, Room 630, 301 West High Street, Jefferson City, Missouri or the Office of the Secretary of State at a cost established by state law.*

(1) Amount of Borrowed Money. Associations may borrow money in any amount approved by its creditors subject to limitations, if any, that may be imposed by applicable federal regulations.

(2) Security for Borrowed Money. Associations may pledge and otherwise encumber any of its assets to secure its debts. The terms of the security agreement or other documentation shall provide, however, for the provisions contained in applicable federal regulations along with a written notification to the director in the event of any default on the obligation. In addition, associations may act as surety to the same extent as federal associations.

(3) Sources of Borrowed Money. Associations may borrow money from—

(A) A Federal Home Loan Bank or banks; and

(B) Any other source, provided the requirements contained in applicable federal regulations concerning outside borrowings are met.

*Auth: sections 369.144 and 369.299, RSMo (1994). \* This rule previously filed as 4 CSR 260-9.011. Original rule filed July 14, 1978, effective Nov. 13, 1978. Rescinded and readopted: Filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-21.011, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

*\*Original authority: 369.144, RSMo (1971), amended 1982, 1983, 1984, 1989, 1994 and 369.299, RSMo (1971), amended 1994.*

#### 4 CSR 140-21.021 Authorized Investments

**PURPOSE:** This rule lists the investments an association is allowed to make along with the applicable limitations on those investments.

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(1) An association may invest in the following without percentage of assets limitations:

(A) Obligations of or obligations fully guaranteed as to principal and interest by the United States or Missouri;

(B) Stock or obligations of any Federal Home Loan Bank, of the Federal National Mortgage Association, of the Government National Mortgage Association, of the Federal Home Loan Mortgage Corporation, of the Student Loan Marketing Association or of any corporation or agency of the United States or of this state succeeding any of these corporations or performing similar functions; and

(C) Liquid assets described in applicable federal regulations regardless of stated maturity limitations (other than maturity limitations for bankers' acceptances).

(2) Subject to the stated limitations, an association may invest in the following:

(A) Demand, time or savings deposits or accounts of any insured financial institution (including loans of unsecured day(s) funds such as federal funds) and in debt securities hedged with a firm forward commitment, subject to applicable federal regulations;

(B) Stock of a not-for-profit industrial or community development corporation established for the general welfare of the area but not in excess of a total investment of one-half of one percent (.5%) of its assets or ten thousand dollars (\$10,000), whichever is the lesser;

(C) Obligations issued by any state, territory or possession of the United States or political subdivision of the United States, provided that the obligation is rated in one (1) of the four (4) highest national investment grade ratings. An association may not invest more than ten percent (10%) of its capital in obligations of any one (1) issuer, exclusive of investments in general obligations of any issuer. Despite the rating limitations contained in this subsection, an association may invest up to one percent (1%) of its assets in the obligations of a state political subdivision in which the association's home office, branch office or agency is located;

(D) Commercial paper and corporate debt securities, subject to the limitations and restrictions provided in applicable federal regulations;

(E) Any open-end management investment company which is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and the portfolio of which is restricted by that management company's investment policies, changeable only if authorized by shareholder vote, solely to any such investments as an association by law or regulation, without limitation as to percentage of assets, may invest in, sell, redeem, hold or otherwise deal with. Where the investments of the open-end management investment company consist of commercial paper and corporate debt securities, these investments must come within the limitations of subsection (2)(D) of this rule, provided that five percent (5%) of assets shall be the maximum that may be invested in the shares of any one (1) investment company; and

(F) Any other investment, including all investments authorized for federal associations, as may be approved from time-to-time by the director.

*Auth: sections 369.219 and 369.299, RSMo (1994). \* This rule previously filed as 4 CSR 260-9.021. Original rule filed July 14, 1978, effective Nov. 13, 1978. Rescinded and readopted: Filed Nov. 4, 1986, effective Jan. 30, 1987. Amended: Filed Sept. 15, 1987, effective Nov. 23, 1987. Changed to 4 CSR 140-21.021, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

*\*Original authority: 369.219, RSMo (1971), amended 1983, 1989, 1994 and 369.299, RSMo (1971), amended 1994.*

#### 4 CSR 140-21.031 Forward Commitments, Interest-Rate Futures and Financial Options Transactions

**PURPOSE:** This rule authorizes associations to make forward commitments to purchase securities and to engage in interest-rate futures and financial options to reduce an institution's interest-rate risk exposure.

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(1) An association may make forward commitments to purchase securities (including mortgage loans) subject to the limitations set forth in applicable federal regulations and the recordkeeping requirements of those regulation.

such insured association outstanding at any time shall not exceed one-half of one percent (.5%) of the fiscal year end total assets of that insured association or two hundred fifty thousand dollars (\$250,000), whichever is the lesser.

(2) An association may engage in interest-rate futures transactions to reduce its net interest rate risk exposure subject to the limitations set forth in applicable federal regulations and the recordkeeping requirements of such regulation. Each association engaging in such transactions shall provide written notification to the director at the inception of that activity.

(2) Secured loans made or participated in, directly or indirectly, by an insured association to a development finance corporation shall not be included in computing the limit on investments, loans or commitments to lend as authorized in this rule.

(3) An association may engage in financial options transactions to reduce its net interest rate risk exposure subject to the limitations set forth in applicable federal regulations and the recordkeeping requirements of such regulation. Each association engaging in these transactions shall provide written notification to the director at the inception of that activity.

*Auth: sections 369.144(7) and (9), 369.299(2) and (6) and 371.120, RSMo (1994). This rule previously filed as 4 CSR 260-9.040. Original rule filed July 16, 1979, effective Oct. 12, 1979. Changed to 4 CSR 140-21.040, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

*Auth: sections 369.144 and 369.299, RSMo (1994). \* This rule previously filed as 4 CSR 260-9.031. Original rule filed Nov. 4, 1986, effective Jan. 30, 1987. Changed to 4 CSR 140-21.031, effective July 6, 1994. Amended: Filed Nov. 8, 1994, effective March 30, 1995.*

*\*Original authority: 369.144(7) and (9), RSMo (1971), amended 1982, 1983, 1984, 1989, 1994; 369.299(2) and (6), RSMo (1971), amended 1994; and 371.120, RSMo (1961), amended 1963, 1978, 1994.*

*\*Original authority: 369.144, RSMo (1971), amended 1982, 1983, 1984, 1989, 1994 and 369.299, RSMo (1971), amended 1994.*

**4 CSR 140-21.040 Development Finance Corporation Investments and Loans**

*PURPOSE: This rule complies with section 371.120.3(2), RSMo, which authorizes the director to adopt a rule to fix and prescribe limits under which a savings and loan association may invest in, become a member of, and lend to or commit to lend to a development finance corporation chartered and supervised by the commissioner of finance under Chapter 371, RSMo. Savings and loan associations are authorized to become members of these corporations pursuant to section 371.120, RSMo.*

(1) An association whose fiscal year end net worth is in excess of five percent (5%) of its withdrawable accounts is authorized to invest in, to become a member of and lend to, or commit to lend to a development finance corporation chartered and supervised by the commissioner of finance under Chapter 371, RSMo. The aggregate amount of these investments, loans and commitments to lend of any